

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2050 - HB 2486

February 25, 2020

SUMMARY OF ORIGINAL BILL: Revises multiple statutes regarding the state government's meat inspection program. Removes the Commissioner of the Tennessee Department of Agriculture's (DOA) discretion to inspect livestock and slaughterhouses; therefore, requires the DOA to inspect the carcasses to be slaughtered for the production of human food. Designates the DOA as the state agency responsible for cooperating with the United State Department of Agriculture (USDA) under the federal Meat Inspection Act and the federal Poultry Products Inspection Act. Authorizes the Commissioner to spend state funds appropriated for the administration of the inspections created by this part, equal to 50 percent of this state's estimated total cost of such cooperative inspection programs. Prohibits any local government agency from overtaking or obtaining inspection duties from the DOA.

Requires any person who is a wholesaler of a whole carcass or parts thereof, whether or not such end products are to be sold for human consumption, to register with the DOA. Requires the DOA to appoint inspectors. Sets forth standards and requirements of such inspections. Establishes recording requirements for individuals engaged in the business of slaughtering livestock and poultry, or for processing, freezing, packaging, or labeling any carcasses or parts or products of such carcasses.

Establishes various felony and misdemeanor offenses related to interfering with the various provisions of this legislation. Sets out various fines and penalties for such violations. Authorizes the Commissioner to assess a \$25 civil penalty for failure of a person filing a required report.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$741,000/FY20-21/Department of Agriculture
\$731,400/FY21-22 and Subsequent Years/
Department of Agriculture

Increase State Expenditures - \$741,000/FY20-21/Department of Agriculture
\$731,400/FY21-22 and Subsequent Years/
Department of Agriculture

Other Fiscal Impact - This legislation states that the DOA may spend public funds of this state appropriated for administration of these inspections, equal to 50 percent of the state's estimated costs of the cooperative program administered jointly by the DOA and the USDA; however, any responsibility of the USDA cannot be dictated

nor assumed by this legislation; therefore, all estimated expenditures are assumed to be incurred at the state level.

SUMMARY OF AMENDMENTS (014472, 015215): Amendment 014472 deletes and replaces all language of the original bill without making any substantive changes to the legislation.

Amendment 015215 deletes and replaces language in the bill as amended by amendment 014472 such that the only substantive change stipulates that the Commissioner of the DOA may, prior to federal approval of the cooperative program developed by this legislation, spend public funds of this state appropriated for the implementation and administration of this part and that upon, federal approval of any such cooperative program, the Commissioner may spend public funds of this state appropriated for the administration of this act to pay 50 percent of the state's estimated costs of such programs.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the DOA, the USDA currently inspects all meat facilities in the state except custom slaughterhouses.
- This legislation will require the DOA to inspect all livestock and poultry that are to be slaughtered for the purpose of preparing human food.
- Requires the DOA to register wholesalers of carcasses or parts thereof, to be slaughtered in preparation of food, for humans or otherwise.
- This legislation will have no direct impact upon the current duties of the USDA regarding food inspection, under the doctrine of preemption; therefore, this legislation is estimated to have no significant impact upon duties or funds made and spent by the federal government.
- This legislation will result in a significant increase in meat inspection duties for the DOA, resulting in a substantial increase in expenditures for the DOA.
- Based on information provided by the DOA, it will require the following additional positions in order to carry out the provisions of this legislation: three veterinarians, three animal health technicians, one quality assurance manager, and one administrative assistant.
- A recurring increase in state expenditures of \$383,838 for 3 additional veterinarian positions [(\$95,000 salary + \$22,346 benefits + \$10,000 travel + \$600 supplies) x 3 positions] and a one-time increase in state expenditures of \$3,600 (computers \$1,200 x 3 positions).
- A recurring increase in state expenditures of \$229,911 for 3 additional animal health technician positions [(\$51,000 salary + \$15,037 benefits + \$10,000 travel + \$600

supplies) x 3 positions] and a one-time increase in state expenditures of \$3,600 (computers \$1,200 x 3 positions).

- A recurring increase in state expenditures of \$117,620 for 1 additional quality assurance manager and 1 additional administrative assistant [(\$40,000 salary + \$13,210 benefits + \$5,000 travel + \$600 supplies) x 2 positions] and a one-time increase in state expenditures of \$2,400 (computers \$1,200 x 2 positions).
- This legislation shall take effect upon becoming law; however, for all other purposes, this act shall take effect January 1, 2021.
- For purposes of this fiscal analysis, it is assumed that these positions will be filled for all of FY20-21 for training and to help in promulgating necessary rules and other administrative actions.
- An increase in state expenditures in FY20-21 of \$740,969 (\$383,838 + \$3,600 + \$229,911 + \$3,600 + \$117,620 + \$2,400).
- An increase in state expenditures in FY21-22 and subsequent years of \$731,369 (\$383,838 + \$229,911 + \$117,620).
- This legislation, as amended by amendment 015215, stipulates that prior to any cooperating agreement made between the DOA and the USDA, the DOA may spend state funds for the implementation and administration of this part. This is assumed to be the case in the absence of amendment 015215.
- Although this legislation states that the DOA may spend public funds of this state appropriated for administration of these inspections, equal to 50 percent of the state's estimated costs of whatever cooperative program administered jointly by the DOA and the USDA, any responsibility of the USDA cannot be dictated nor assumed by this legislation; therefore, all estimated expenditures are assumed to be incurred at the state level.
- Pursuant to Tenn. Code Ann. §§ 53-7-219 and 43-7-219, the DOA will set license, permit, and inspection fees to offset the additional costs incurred due to this legislation.
- An increase in state revenue to the DOA in FY20-21 of \$740,969.
- An increase in state revenue to the DOA in FY21-22 and subsequent years of 731,369.
- Any impact on the court system or incarcerations related to violations set forth in this legislation is estimated to be not significant.
- Based on the Fiscal Review Committee's 2008 study and the Administrative Office of the Courts' 2012 study on collection of court costs, fees, and fines, collection in criminal cases is insignificant. The proposed legislation will not significantly increase local revenue.
- Collections from civil penalties will not result in a significant increase in state revenue to the DOA.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb